



City of Seattle

Office of City Auditor
Susan Cohen, City Auditor

Date: April 10, 2000

To: Patricia T. Colson, Branch Executive, Customer Service Branch, Seattle Public Utilities

From: Susan Cohen

Attached is our report on the Seattle Public Utilities Payment (SPU) Center cash handling process. We obtained comments from officials at SPU and, when appropriate, we incorporated their comments into this final report.

We appreciate the assistance and professionalism of the SPU personnel with whom we worked to complete this review. If you have questions regarding this report please call me at 233-1093 or Anthony Foster at 499-7443.



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SEATTLE PUBLIC UTILITIES PAYMENT CENTER

CASH HANDLING REVIEW

Objective

To examine and summarize internal controls over cash handling activities at the Seattle Public Utilities (SPU) Payment Center.

Background

Seattle Public Utilities operates two utility payment centers in downtown Seattle (Key Tower and Municipal Building). These centers allow ratepayers to pay their bills and consult with customer service representatives about other utility related concerns. In addition to handling water, solid waste and sewer transactions, the utility payment centers accept City Light payments.

Scope and Methodology

We conducted our review at the SPU Utility Payment Center located on the first floor of the Municipal Building to determine if controls over the handling of cash were adequate. On October 14, 1999, we conducted a surprise review at the Payment Center that involved 1) performing cash counts; 2) examining security features; and 3) interviewing SPU and Executive Services Department (ESD) staff to understand their procedures for securing and depositing revenues. In addition, we consulted with information technology staff from both departments about the payment processing software used at the Payment Center.

Conclusion

SPU Branch Executive Management responded to our summary of findings by drafting and executing an action plan for strengthening controls for its cash handling procedures and security systems. The impact of our findings included strengthening internal controls at other City cash handling sites that utilize the Remote Automated Payment System (RAPS). RAPS is used in various offices throughout the City, in addition to the SPU Payment Center in the Municipal Building.

Summary Of Findings and Management Responses

1. Common command to access Customer Service cash drawer

All Utility Account Representatives (UAR's) utilize a common keystroke command to open their cash drawers. Any UAR with a valid RAPS user login id can open any RAPS users cash drawer in the City of Seattle.

Recommendation

Every UAR should activate the screen saver option with password activation on their computer. If the UAR is called away from the workstation for a very short time, this feature will prevent other users from activating any commands to access the database and cash drawers. If, on the other hand, the UAR expects to be away from the computer for a long period (i.e., lunch break or meetings), they should log off RAPS. In addition, we recommend that similar policies be implemented upon conversion to the new BANNER System (the billing system that will replace RAPS).

Management Response

On December 15, 1999, SPU implemented procedures that required all Utility Payment Center Utility Account Representatives (UARs) to utilize the credit card screen in RAPS to deny unauthorized access to the cash drawer and RAPS application. The Utility Payment Center Manager is responsible for ensuring that employees comply with these procedures as well as instructing new employees on the approved process for securing cash drawers. With the advent of BANNER, a suitable replacement procedure that accomplishes the same security goals will be instituted.

2. Instructions on how to activate a Remote Automated Payment System (RAPS) cash drawer are included in the RAPS user manuals.

The keystrokes to open a RAPS cash drawer are stated in the user manual and can be learned by non-RAPS users who read the manual. In addition, City staff said that the RAPS user manual is distributed to jurisdictions who request it for research purposes.

Recommendation

While it is our understanding that the BANNER system will replace RAPS, we recommend that instructions for opening the cash drawer in the RAPS user manual be deleted. In the interim, SPU should delete direct references to this function in manuals used at both Utility Payment Centers.

Management Response

On December 7, 1999, all applicable references were deleted by “blacking out” relevant text. Future requests, from third parties, to obtain these materials will be screened to ensure this information is not transmitted.

3. Individual passwords and login information are readily accessible to other local RAPS users and IT staff/personnel.

Under the current version of RAPS, each cashier’s initial password can be viewed through the configuration file on the hard drive. Failure to change the initial password allows for unauthorized access. It is our understanding that, to date, all cashiers have not changed their initial RAPS passwords.

Recommendation

Effective immediately, all UAR’s should change their passwords to access RAPS. This will help ensure that all initial passwords have been changed.

Management Response

On February 9, 2000 Branch Executive management completed verification that each UAR employed in the Center has changed the default password associated with their logon. Consequently, no staff person can access RAPs (and hence the cash drawer) of another employee using the password contained in the RAPs station rpconfig file.

4. Adjustments to the Utility Payment Center account are not researched

ESD Treasury and Branch Executive Management do not have procedures in place to ensure that bank adjustments are researched in a timely manner. For example, in June, 1999, Bank of America made two cash adjustments of \$20.00 and \$200.00, and one check adjustment of \$54.00 that affected the SPU Utility Payment Center account. As of October 1999, SPU management was unaware of these debit adjustments.

Recommendation

ESD Treasury and SPU staff should implement a review process to ensure adjustments are researched and resolved.

Management Response

Effective February 14, 2000, the Branch's Executive Assistant will be notified by ESD Treasury of any discrepancies related to the preceding day's Walk In Center and Key Tower deposits. In the event of such a report, the Assistant will investigate to determine the circumstances leading to the overage or shortage and inform the Branch's Executive Assistant of their findings. The Staff Assistant will submit a monthly report which will include a summary documenting the discrepancies and resolution.

5. Unlimited access to safe area

The Utility Payment Center safe is located near a door that is used frequently by staff members to exit the workspace. In order to ensure security over assets and sensitive information, access to the area near the safe should be limited to authorized personnel.

Recommendation

Internal controls should be strengthened to ensure access is limited to this area.

Management Response

On Wednesday, December 29, 1999, Emergency Exit Only/ Do Not Enter signs, were posted to the door adjacent to the safe. The current signs are temporary in that they are printed on stock paper. Permanent signage has been ordered. Additionally, a work order has been submitted to ESD Building Maintenance to install an alarm that will sound any time this door is opened.

6. Customer service representative did not record deposit bag amount on the courier log

Dunlap Courier, Inc. (designated courier) is required to sign for each bank deposit bag they pick up and transfer to Bank of America. On October 14, 1999, we noticed that the courier log did not reflect two deposit bags that were stored in the safe awaiting pickup.

Recommendation

SPU procedures should include verifying that the number of deposit bags in the safe matches the number of bags logged and picked up by the courier. This will help ensure that all deposit bags are properly accounted for.

Management Response

In mid-December, SPU management amended internal policy and procedures related to ensuring that the safe is closed and secured each night. The updated policy imposes an additional step to verify that the deposit bags contained in the safe correspond to the entries on the Courier log. After this has been done, the safe is closed and locked. A

dual reporting (i.e. two staff) process is utilized. Accordingly, every employee in the Center was provided instruction on the proper closing procedure.

7. The electronic equipment designed to record daily activity in the Utility Payment Center are accessible to staff members and other City personnel.

Unlimited access to sensitive equipment compromises the control over recording operations. In the event of a robbery, the robber could disable the video cassette recorder (VCR) or remove its tape. Routine maintenance of the VCR is not included in the Payment Center's administrative procedures. The VCR is designed to operate 24 hours a day to record images and activity from the cameras located throughout the Utility Payment Center waiting room. Optimal performance of this device is necessary for review of suspicious individuals or activity. Currently the equipment does not receive routine maintenance.

Recommendation

Utility Payment Center management should place the monitor and recording machine in a locked cabinet. The reduced visibility of the electronic equipment should help reduce the risk of interference with the recording process. We also recommend the Utility Payment Center initiate a routine maintenance schedule on the VCR and cameras to help ensure maximum recording quality and performance. Routine maintenance should ensure that the picture quality is adequate during play back.

Management Response

The required cabinet and associated equipment was installed during the week of December 27th. The VCR is now fully enclosed to prevent easy access to its controls. Eyes On Security has been selected to provide the required additional surveillance equipment as well as provide maintenance services. The total capital outlay was under the three thousand dollar (\$3,000) limit requiring competitive bidding; accordingly, the vendor decision was made based on a recommendation from ESD Facilities and in conformance with accepted City contracting practices.

8. The Utility Payment Center does not document tests on the silent alarm.

Tests to ensure that the silent alarms are working are not documented. In addition, these tests are not performed on a regularly scheduled basis.

Recommendation

Branch Executive management should develop and implement procedures to ensure silent alarm tests are performed and documented. The documentation should include at a minimum, the date, time and initials of the person performing the test.

Management Response

Effective December 15, 1999, Utility Payment Center Management adopted a record keeping policy related to the testing of the silent alarm system. This policy requires a quarterly test and recording of the results of this test. The Utility Payment Center Manager is designated as the custodian of these records.